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Debtor-in-Possession

**FILED & ENTERED**

**OCT 14 2021**

CLERK U.S. BANKRUPTCY COURT  
Central District of California  
BY **duarte** DEPUTY CLERK

**UNITED STATES BANKRUPTCY COURT**  
**CENTRAL DISTRICT OF CALIFORNIA**  
**SANTA ANA DIVISION**

In re:

THE SOURCE HOTEL, LLC, a  
California limited liability company,

Debtor and Debtor in  
Possession.

Case No.: 8:21-bk-10525-ES

Chapter 11

**ORDER DENYING DEBTOR'S MOTION  
FOR ENTRY OF ORDER: (1)  
AUTHORIZING SALE OF  
SUBSTANTIALLY ALL OF THE  
DEBTOR'S ASSETS; (2) AUTHORIZING  
THE DEBTOR'S ASSUMPTION AND  
ASSIGNMENT OF GROUND LEASE AND  
DETERMINING CURE AMOUNT; (3)  
WAIVING THE 14-DAY STAY PERIODS  
SET FORTH IN BANKRUPTCY RULES  
6004(h) AND 6006(d); AND (4) GRANTING  
RELATED RELIEF**

Continued Auction/Sale Hearing:

Date: October 1, 2021

Time: 10:00 a.m.

Place: ZoomGov

1 Hearings were held on September 30, 2021 at 2:00 p.m. and on October 1, 2021 at 10:00  
2 a.m. (the “Hearings”), before the Honorable Erithe A. Smith, United States Bankruptcy Judge for  
3 the Central District of California, Santa Ana Division, in Courtroom “5A” located at 411 West  
4 Fourth Street, Santa Ana, California 92701 (via ZoomGov), to consider the *Debtor’s Motion For*  
5 *Entry Of Order: (1) Authorizing Sale of Substantially All Of The Debtor’s Assets; (2)*  
6 *Authorizing The Debtor’s Assumption And Assignment Of Ground Lease And Determining Cure*  
7 *Amount; (3) Waiving The 14-Day Stay Periods Set Forth In Bankruptcy Rules 6004(h) And*  
8 *6006(d); And (4) Granting Related Relief* [Doc. No. 227] (the “Motion”) filed by The Source  
9 Hotel, LLC, a California limited liability company (the “Debtor”), the debtor and debtor in  
10 possession in the above-captioned chapter 11 bankruptcy case. Appearances at the Hearings  
11 were made as set forth on the record of the Court.


12 The Court, having considered (i) the Motion and all papers filed by the Debtor in support  
13 of the Motion; (ii) the objections and responses to the Motion filed by Westransco, Inc. [Doc.  
14 No. 234], certain lenders of the Debtor’s ground lessor, The Source at Beach, LLC [Doc. No.  
15 235], Shady Bird Lending, LLC [Doc. No. 237], Aragon Construction, Inc. [Doc. No. 238], the  
16 Debtor’s EB-5 lenders (the “EB-5 Lenders”), Beach Orangethorpe Hotel, LLC and Beach  
17 Orangethorpe Hotel II, LLC [Doc. No. 239], Sunbelt Controls, Inc. [Doc. No. 240], Iron  
18 Mechanical, Inc. [Doc. No. 241], Retrolock Corporation [Doc. No. 254]; (iii) the Debtor’s reply  
19 to the objections and responses to the Motion [Doc. No. 256]; (iv) the surreplies filed by Aragon  
20 Construction, Inc. [Doc. No. 263] and Sunbelt Controls, Inc. [Doc. No. 264]; (v) the joinders to  
21 the objection filed by Aragon Construction, Inc. filed by Certified Tile, Inc. [Doc. No. 266] and  
22 Solid Construction Company, Inc. [Doc. No. 268]; (vi) *Shady Bird Lending, LLC’s Statement*  
23 *Seeking Cancellation Of Auction For Failure To Obtain A Financially Qualified Bidder* [Doc.  
24 No. 262] (the “Shady Bird Statement”); (vii) the response to the Shady Bird Statement filed by  
25 the EB-5 Lenders [Doc. No. 265]; (viii) *Debtor’s Statement Regarding Status Of Bids Received*  
26 *And Auction/Sale Hearing* [Doc. No. 271]; and (ix) the oral arguments, statements and  
27 representations of counsel and parties in interest made at the Hearings on the Motion, having  
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determined that no Qualified Bid (as that term is defined in the Motion) was received by the Debtor, and other good cause appearing,

IT IS HEREBY ORDERED that the Motion is denied.

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Date: October 14, 2021

  
Erithe Smith  
United States Bankruptcy Judge